

Industrial Machinery

Why Trade Matters

INDUSTRY SECTOR REPORT

General information on

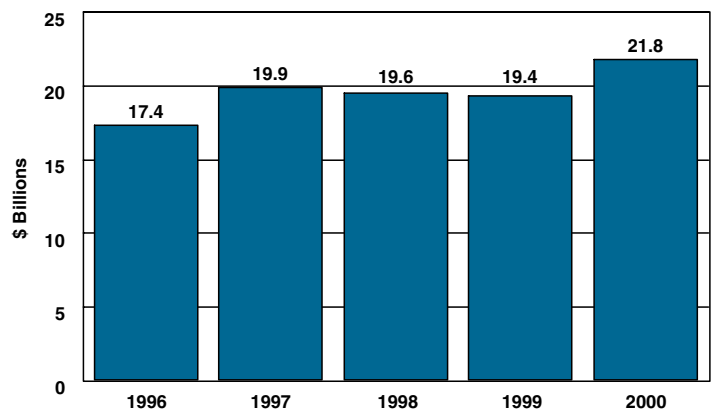
exports. The United States exported more than \$21 billion in industrial machinery products in 2000. Exports represent an increasing share of U.S. industrial machinery production because foreign demand is growing faster than domestic demand. Exports account for over 30 percent of domestic production for a number of industrial machinery products.

Market development. Argentina, Brazil, India, and Turkey offer the greatest long-term potential for exports of a variety of industrial machinery products. These emerging markets hold excellent potential for future economic growth and increased demand for industrial machinery.

Tariffs. Tariffs are still relatively high in a number of key markets. Tariffs in India are as high as 30 percent, while tariff rates in Brazil reach 20 percent for major industrial machinery products.

Nontariff barriers. Major nontariff barriers include preferential government procurement practices, lack of transparency, deficiencies in intellectual property protection, investment barriers, and restrictive licensing.

U.S. Exports of
Industrial Machinery, 1996–2000





Industrial Machinery

Small and medium-sized enterprises. Small and medium-sized enterprises (SMEs) are significant exporters in this industry. For example, more than 11,000 SME exporters of metalworking machinery accounted for half of the sector's exports in 1998.

Capacity-building benefits. Trade liberalization for U.S. industrial machinery exports, which incorporate advanced technology, will be important in helping countries expand and modernize their manufacturing bases. Updated machinery will also help address environmental and safety issues.

Employment opportunities. Industrial machinery manufacturers employ approximately 426,000 workers, many in SMEs.

Key producing states. California, Kansas, North Dakota, South Dakota, Illinois, Indiana, Nebraska, Pennsylvania, Washington, Wisconsin, Texas

The sector. The industrial machinery sector includes food processing machinery, hand tools and parts, paper working machinery, printing machinery, textile machinery, and metalworking machinery.

BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- ▶ Industrial machinery manufacturers have benefited from previous trade negotiations, particularly the World Trade Organization Uruguay Round and NAFTA. Tariff reductions and the elimination of some nontariff barriers were key factors in the rise of industrial machinery exports during the 1990s. NAFTA resulted in a substantial increase of industrial machinery exports to Canada and Mexico.